

**CHARGES FOR UTILITIES AND RELATED FACILITIES
IN THE OPERATION OF HOUSEKEEPING QUARTERS**

- 1. PURPOSE:** It is Veterans Health Administration (VHA) policy that all utilities and related facilities (appliances, furnishings and services) shall be provided and billed directly by the supplier to the occupant of quarters when feasible. This Handbook provides procedures which cover the scope of VHA authority.
- 2. SUMMARY OF MAJOR CHANGES:** Defines the responsibility of Department of Veterans Affairs (VA) medical centers in charging for utilities and other services related to rented quarters and conveys the requirements for installation of utility meters.
- 3. RELATED DIRECTIVE:** VA Directive 7631, Quarters Management.
- 4. RESPONSIBLE OFFICE:** The Chief Facilities Management Officer (181B/18) is responsible for the contents of this Handbook. ***NOTE:** Questions may be referred to the Office of Facilities Management, Asset and Enterprise Development Service (181B) at (202) 565-4307.*
- 5. RESCISSION:** This VHA Handbook rescinds DM&S Supplement MP-3, Chapter 3, Section II. Quarters: Utility Rates, and Section III. Quarters: Monthly Charges.
- 6. RECERTIFICATION:** This document is scheduled for recertification on or before the last working day of July, 2004.

S/ M. L. Murphy for
Thomas L. Garthwaite, M.D.
Acting Under Secretary for Health

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CHARGES FOR UTILITIES AND RELATED FACILITIES IN THE OPERATION OF HOUSEKEEPING QUARTERS

1. PURPOSE

It is Veterans Health Administration (VHA) policy that all utilities and related facilities (appliances, furnishings and services) shall be provided and billed directly by the supplier to the occupant of quarters when feasible. This Handbook provides procedures which cover the scope of VHA authority.

2. SCOPE

a. Charges for utilities and related facilities shall be set at levels equal to those prevailing for comparable private housing located in the “same area.” Charges for related facilities shall reflect full residential (retail) costs, including all applicable taxes, delivery charges, surcharges, service charges and adjustments. **NOTE:** *Failure to collect the full comparable cost of related facilities provided by the Government to an occupant constitutes a supplementation of salary, which is prohibited by law.*

b. Department of Veterans Affairs (VA) medical centers will review the method used for charging for utilities and related facilities in the operation of housekeeping quarters and assure compliance with this directive. Wherever possible, VA medical centers will develop plans to install meters to allow for direct supplier billing where they do not already exist. In those instances where metering is not technically feasible or cost prohibitive, a waiver must be obtained from the Chief Facilities Management Officer (18). Rates for utilities and related facilities must conform to the guidance provided in paragraphs 6 and 7 of this handbook.

3. DEFINITIONS

a. **Same Area.** The term “same area” means the survey region (when rental charges are established using the survey method) or the nearest established community (when rental charges are established using the appraisal method).

b. **Survey Method.** The survey method creates a series of economic models based upon a survey of comparable private rental housing throughout a specified region. **NOTE:** *The Quarters Management Information System (QMIS) is the name of the specific survey method that VHA uses to calculate rent for quarters.*

c. **Appraisal Method.** The appraisal method involves direct comparison with individual private rental housing units in the nearest established community.

d. **Established Community.** An established community is ordinarily the nearest population center (metropolitan statistical area, or an incorporated or unincorporated city or town) having a year-round population of 1,500 or more, provided it has minimum essential medical facilities of at least one physician and one dentist available to all occupants of Government quarters on a non-emergency basis. It must have a private rental market with housing available to the general public.

4. UTILITY CHARGES

VHA policy requires that quarters occupants pay the cost of each utility received. Therefore, utility consumption and prevailing market residential rates per unit of consumption shall be determined as follows.

a. **Direct Supplier Billing.** Wherever possible, utilities are to be provided and billed directly by a utility supplier to the occupant. Meters that allow for direct supplier billing should be installed for each quarters unit for utilities in the following priority order: electricity, gas, water, and steam.

b. **Indirect Supplier Billing.** Under certain arrangements, a private utility supplier may provide service directly to several quarters at an installation, but may submit an invoice to the VA medical center, itemizing the charge for each quarter. If the invoiced charges are residential-level market charges (including all taxes and related charges) and are uninfluenced by VA contracts or preference, VA shall charge each occupant the amount billed by the supplier. If the charges are not residential-level charges, but are established by or for VA, then the utility service is to be viewed as being provided by VA. In such instances, the provisions of subparagraph 4c shall apply.

c. **VA-Provided Utility Service.** VA shall be considered as providing utility service if it provides a utility directly to occupants of quarters. Examples of such service include (but are not limited to) electricity from a VA or contractor-supplied generator or VA hydro electric facility; water service from a VA or contractor-installed or operated well or other water supply; and sewer service from a VA or contractor-installed or operated sewerage, waste disposal, septic, cesspool or other type of sewer system. VA provided utility service includes service provided by a non-Federal utility supplier at rates established by or for VA. When VA provides a utility, the charges should reflect the cost of similar utility services provided to renters of comparable private housing in the survey area (where the survey method is used) or established community (where the appraisal method is used). Charges for utilities furnished by VA will be established as follows:

(1) **Consumption.** Consumption shall be determined by meters which are to be installed on all quarters, except those used exclusively as non-housekeeping or transient quarters, unless VHA approval for non-installation is requested and granted. Where metered consumption is not possible and where rental charges are established under the survey method, the Department of Interior, QMIS Program Office, will publish consumption estimates in regional survey reports (copies may be obtained from the Asset and Enterprise Development Service). Where metered consumption is not possible and where appraisals are used, the facility shall estimate utility consumption using guidelines contained in paragraph 8. The method used for estimating consumption and the consumption estimates shall be described fully in the survey or appraisal report.

(2) **Utility Rates.** When rental charges are determined by regional surveys, utility rates shall be the average rates prevailing in the survey region and shall be published in the regional survey report. When rental charges are determined by appraisals, utility rates shall be those in effect in the nearest established community and shall be shown in the appraisal report. Under both methods, the utility rates shall include all applicable taxes and related charges.

(3) Monthly Utility Charges

(a) Metered Utilities. When utilities are capable of being metered or measured, the actual monthly consumption shall be multiplied by the published regional survey utility rates (when the survey method is used) or appraisal utility rates (when the appraisal method is used). In lieu of using actual metered or measured monthly consumption, VA medical centers may use an average of the monthly measured amounts of the utility consumed during the previous year. If this method is used, rental adjustments shall be made at least annually to reflect differences between consumption during the previous year and actual consumption during the current year. For newly metered quarters, consumption during the first 12 months may be based on monthly meter readings; or it may be estimated based upon the metered 12-month consumption of similar quarters; or it may be based upon the tables provided in the regional survey reports. Where estimates are used, rental adjustments shall be made at least annually to reflect the difference between estimated and actual utility consumption. This provision applies where VA provides metered well water and a septic sewer system. Electric credits may be allowed for VA-owned or provided wells and sump pumps, sewer lifts, radon mitigation systems, base radios, battery chargers, or remote control units if the electricity used by these devices is recorded by the electric meter at the quarters site.

(b) Unmetered Utilities. When utilities cannot be metered or measured at the individual quarters level, the estimated amounts consumed will be multiplied by the utility rates published in regional survey reports (when the survey method is used) or appraisal reports (when the appraisal method is used). Electric credits are not allowable when electricity consumption is unmetered.

5. EXCESSIVE HEATING AND COOLING COSTS

Where quarters are determined to be energy inefficient or inadequately constructed or weatherproofed so that the annual heating or cooling costs are excessive (and not attributable to tenant actions), Office of Management and Budget (OMB) Circular A-45, Rental and Construction of Government Quarters, allows an adjustment to offset the excessive cost of heating and cooling. This adjustment is made as a direct offset to the cost of fuel or electricity used for heating and cooling the quarters. VA medical centers shall reimburse the costs over and above those for heating and cooling a comparable but energy efficient and adequately weatherproofed and constructed housing unit. The only reason for this adjustment is to reimburse employees for excessive costs incurred because the Government has supplied housing which is not energy efficient or which is inadequately constructed or weatherproofed. Thus, if a quarters unit meets or exceeds established energy efficiency and construction standards, no adjustment is authorized, regardless of energy consumption or cost. **NOTE:** *This adjustment shall only be allowed where the heating and cooling charges are based upon actual measured (metered) usage of heating and cooling fuel or electricity.*

a. General Procedures. The following general procedures should be followed in determining the adjustment for excessive heating and cooling costs:

(1) **Request for Reimbursement.** Quarters occupants who believe that their heating and cooling costs are excessively high because of inadequate construction or weatherproofing of the

quarters, must submit a request for reimbursement of the excessive costs to the VA medical center housing manager. All requests must include copies of utility bills or other receipts showing the amount of fuel or electricity consumed and the heating and cooling charges for the most recent 12-month period. **NOTE:** *If the employee cannot produce utility bills or other receipts, no adjustment is authorized.*

(2) **Inspection of Quarters.** The VA medical center shall inspect the quarters unit to determine whether the construction, weatherproofing and energy efficiency meets applicable standards. If applicable standards are met, the VA medical center housing manager will notify the tenant that no reimbursement will be made.

(3) **Estimation of Costs.** If the quarters construction and/or energy efficiency does not meet applicable standards, the VA medical center shall estimate the average monthly energy consumption and cost for heating and cooling a comparable but adequately constructed and weatherproofed housing unit where proper energy conservation practices are observed. This shall be done as follows:

(a) Regional Surveys. Where regional surveys are used, the monthly amount of fuel and electricity required for space heating and cooling shall be estimated using the methodology and tables shown in the applicable regional survey report. Next, the estimated monthly amount of heating and cooling fuel or electricity should be multiplied by the utility rates (including all applicable service charges, taxes, surcharges, etc.) in effect for the quarters unit to estimate the monthly charge for the predicted amount consumed per month. Thus, if the tenant pays the utility company directly, the local utility rates should be used; if the tenant pays VA, the regional survey utility rate shall be used.

(b) Appraisals. Where appraisals are used, the monthly amount of fuel or electricity required for space heating and cooling may be estimated from a study of the cost of heating and cooling the private market comparables used in the appraisal (if the comparables meet applicable weatherproofing, and construction requirements). Estimated consumption figures may also be obtained from local utility companies. Next, use the utility rates (including all applicable service charges, taxes, surcharges, etc.) in effect at the quarters location to determine the total monthly charge for the estimated amount consumed per month.

(4) **Calculation of Reimbursement.** Increase the predicted monthly cost of heating and cooling the comparable housing unit by 25 percent. If this amount (125 percent of the predicted monthly cost) is less than the actual average monthly billing for heating and cooling, the difference may be reimbursed to the employee tenant.

b. **Procedures for Known Construction, Weatherproofing and Energy Inadequacies.** In certain situations the VA medical center may already know that specific quarters are energy inefficient or inadequately weatherproofed or constructed, and that those inadequacies (and not tenant preferences or energy habits) result in excessively high heating and cooling charges. For example, the VA medical center may have applied the procedures in subparagraph 5a for a previous occupant of a quarters unit. If that quarters unit is rented to a new occupant and if the construction, energy efficiency or weatherproofing has not been brought up to an acceptable standard, then it would be burdensome to require the new occupant to collect utility receipts for 12 months before being eligible to claim excessive heating and cooling costs, especially since the

VA medical center already knows that the quarters unit is energy inefficient or inadequately constructed or weatherproofed. In these situations, reimbursement may be effected using the following procedures:

(1) **Determination of Energy Inefficiency.** A written determination must first be made by a qualified facility or maintenance engineer that the quarters at issue is energy inefficient or inadequately constructed or weatherproofed for the climatic conditions at the quarters site and that these deficiencies (and not the lifestyles or energy habits of the occupants) result in excessively high heating and cooling costs.

(2) **Options for Billing.** Occupants of such designated quarters may elect to have the VA medical center assume responsibility for the payment of the heating and cooling utility bills. In these instances, VA medical centers may pay the bills received by the occupants; or they may establish alternate procedures, such as arranging for the utility companies to send the bills directly to the appropriate office for payment.

(3) **Estimating Cost.** Following the provisions in paragraph 5a(3), the VA medical center shall determine the average monthly energy cost of heating and cooling a comparable but energy efficient or adequately constructed or weatherproofed housing unit where proper energy conservation practices are observed.

(4) **Calculation of Reimbursement.** Multiply the average monthly cost of heating and cooling, as determined in subparagraph 5b(3), times 1.25; then add the resulting product to the rental charges. The requirement to increase the average heating and cooling costs by 25 percent is based upon OMB Circular A-45 which limits reimbursement to those costs that exceed the average by 25 percent or more.

(5) **Duration of Costs.** These procedures, once invoked, shall remain in effect for at least 1 year, or until the subject quarters is vacated. That is, occupants cannot elect to exercise this option only during heating or cooling seasons and then obtain their own utility services during the balance of the year. This is because the prescribed methodology prorates seasonal utility consumption in equal amounts over a 12-month period. This understates heating and cooling costs during the heating and cooling seasons but recovers the balance during non-cooling and non-heating seasons.

c. **Excessive Heating and Cooling Deduction.** VA medical centers shall use VA Form 10-0380, Excessive Heating and Cooling Deduction, for determining the amount of excessive heating and cooling costs. A copy of VA Form 10-0380, along with employee requests for reimbursement and management determinations, will be maintained in the quarters file at the installation.

d. **Maintenance Priority.** Quarters that are essential to the operation of the VA medical center should be assigned a high maintenance priority when they are so energy inefficient or inadequately constructed or weatherproofed that an excessive heating or cooling deduction is allowed.

6. CHARGES FOR APPLIANCES AND FURNISHINGS

Charges to occupants of quarters for appliances and furnishings provided by the VA medical center will reflect the cost of such furnishings to tenants of comparable private rental housing at the time of the survey or appraisal. Where rental charges are based upon regional surveys, the charges for appliances and furnishings provided by the VA medical center shall be published in nationwide rate schedules established by the Department of Interior, QMIS Program Office. Where the rental charges are based upon appraisals, the charges for appliances and furnishings provided by the VA medical center may be determined by direct community comparison or from nationwide rate schedules established by the QMIS Program Office. Central air conditioners and fireplaces shall be treated as part of the real property and will be considered in the survey or appraisal process when comparing properties. Window air conditioners, stoves and fireplace inserts are items of personal property; and an appliance and furnishing charge will be made, when these are provided by the VA medical center.

7. CHARGES FOR SERVICES

Where practicable, services (trash removal, cable television (TV) and satellite dish service, lawn care, snow removal, firewood, etc.) shall be provided to occupants of quarters directly by private suppliers, and the occupants billed directly for such services. Where the VA medical center collects for services provided at normal residential rates by a private supplier, the final charges shall be the actual cost. Where the services are provided to the VA medical center or at rates established by or for the VA medical center, such services shall be presumed to be provided by VA. Where the rental charges are based upon regional surveys, the charges for VA-provided services shall be based upon nationwide rate schedules established by the QMIS Program Office. Where rental charges are based upon appraisals, the charges for VA-provided services may be determined by direct community comparison or from nationwide rate tables established by the QMIS Program Office. Annual charges for services should be reduced to a monthly charge to be prorated during the entire year.

8. GUIDE FOR ESTIMATING THE COSTS OF UTILITIES TO BE CHARGED FOR HOUSEKEEPING QUARTERS (MEASURED UTILITIES)

The following methods will be used for computing utility charges and services consumed in each set of housekeeping quarters when installation of meters is not technically feasible or cost prohibitive and other means of accurately determining charges are not available. All charges will be computed on a monthly basis using local residential utility rate schedules. Where the use of certain utilities is seasonal (heating and cooling), compute the charges for these utilities for the months in which the demand is present, then average the total cost over a 12-month period.

a. **Electricity.** Total all kilowatt-hours (KWH) figures calculated as follows and compute monthly electrical utility charges using local residential schedule.

(1) **Lighting.** Add up the laeled wattage of all lamps in the quarters and divide by 1,000 to convert to kilowatt (KW). Multiply KW by estimated hours of use to obtain KWH. **Formula:** *KWH = watts divided by 1,000 times the estimated hours.*

(2) **Appliances.** This includes equipment with heating elements, radios, TV's, entertainment systems, power tools, deep freezers, air conditioning units, etc.

(a) Wattage Rating. For each item of equipment, obtain the manufacturer's rating in watts from the nameplate or catalog description. Divide watts by 1,000 to convert to KW, and multiply by estimated hours of use to obtain KWH. **Formula:** $KWH = \text{watts} / 1,000 \times \text{estimated hours}$.

(b) Voltage and Amperage Ratings. **Formula:** $KWH = \text{Amps} \times \text{volts} / 1,000 \times \text{estimated hours}$.

(3) Electric Motors

(a) Single Phase. For each motor, obtain operating amperage from manufacturer's nameplate. Multiply amps by voltage on nameplate and by estimated hours of usage then divide by 1,000 to obtain KWH. **Formula:** $KWH = \text{Amps} \times \text{volts} / 1,000 \times \text{estimated hours}$.

(b) 3-Phase Motors. For each motor, obtain operating amperage from manufacturer's nameplate. Multiply by 1.73, by nameplate 3-phase voltage and estimated hours of usage then divide by 1,000 to obtain KWH. **Formula:** $KWH = 1.73 \text{ Amps} \times \text{volts} / 1,000 \times \text{estimated hours}$.

NOTE: In converting horsepower ratings of electric motors to watts, 1,000 is used in lieu of 746 to allow for average power factor value and efficiency.

b. Water and Sewage Disposal. Compute monthly water and sewage disposal charges by using the local residential rate schedule. If sewage disposal is not included in the local water rate, contact the local municipal sanitary department officials to obtain rates for various size families and types of dwellings. Assume an estimated usage of 55 gallons per occupant per day. Also assume 100 percent of this water is returned to the sewer after it has been used: **Formula:** $\text{Gallons per month} = \text{Number of occupants} \times 55 \times 365 / 12$.

c. Heating of Space. Degree-days per normal year may be taken from the facility's utilities report, local weather bureau reports, or from the most recent issue of Heating, Ventilating, and Air Conditioning Guide, published by the American Society of Heating and Air Conditioning Engineers. If not shown for the specific city where the facility is located, the degree-days may be estimated from the number stated for adjacent cities.

(1) **Steam Heat.** Where there is a local steam service reasonably available for residential users, their rates will be used.

(a) **Steam Consumption.** Assume that 1.60 pounds of steam are required to heat 1,000 cubic feet of space one degree-day. The amount of steam used for space heating can then be computed as follows: **Formula:** $\text{lbs. Steam} / \text{year} = 1.60 \times \text{cu. Ft.} \times \text{degree-days per normal year} / 1,000$.

(b) Fuel Consumption. Where local steam service is not available to residential users, convert the quantity of steam required to an equivalent quantity of the fuel used at the facility

central boiler plant for use with the local residential unit cost for that particular fuel. To do this, multiply the computed pounds of steam by the appropriate factor stated in the following. **NOTE:** *This factor assumes a heating plant efficiency of 75 percent.*

1. Coal. (13,300 Btu / lb.): **Formula:** $0.1003 \times \text{lbs. of steam} = \text{lbs. of coal consumed.}$
2. Natural Gas. 1,000 Btu / cu. Ft.): **Formula:** $2.667 \times \text{lbs. of steam} = \text{cu. ft. of gas consumed.}$
3. #2 Oil. (140,000 Btu / gal.): **Formula:** $0.0095 \times \text{lbs. of steam} = \text{gals. of oil consumed.}$
4. #6 Oil. (152,000 Btu / gal.): **Formula:** $0.0088 \times \text{lbs. of steam} = \text{gals. of oil consumed.}$

(c) Purchased Steam. Where the facility purchases steam, proceed as outlined above, except that the computed amount of steam should be converted to the fuel used in the boiler plant furnishing the steam before applying the residential rate for the fuel.

(2) **Heat Other Than Steam.** Where the quarters are not heated by steam, ordinarily the fuel is either metered or delivered to the quarters in a measured quantity against which the residential rate may be applied.

d. Hot Water Heating. Compute the monthly charges as in paragraph c above. Assume a hot water usage of 25 gallons per day per occupant. Each gallon of water heated is equivalent to one pound of steam consumed. **Formula:** $\text{lbs. steam} / \text{mo.} = \text{no. of occupants} \times 25 \times 365 / 12.$

e. Gas. Compute the monthly charge by using local residential rate schedules. Determine the rate in MCF (thousand cubic feet) per hour for each piece of equipment that uses gas. This information may be on the nameplate or can usually be obtained from a catalog published by the manufacturer. Gas and utility companies may provide a schedule showing equipment and its average gas use. If not available from these sources, the cu. ft. rate may be obtained by dividing the state BTU/hour rate by the BTU value of a cu. ft. of gas, or the local gas company can be requested to rate equipment where the actual rate is unknown. Multiply the MCF per hour rate by the estimated hours of use to obtain MCF for each piece of equipment. **Formula:** $\text{gas used} / \text{mo.} = \text{MCF per hour} \times \text{hours of use per month.}$

f. Miscellaneous Services. Residential rates for services such as trash collection and disposal, lawn care, snow removal, cable TV channels, security, etc., should be determined through inquiries in the local community and calculated on a monthly basis.

**VA FORM 10-0380, EXCESSIVE HEATING AND COOLING DEDUCTION
and Instructions for Completing VA Form 10-0380**

Installation Name:	Quarters Number:
Occupant Name:	Social Security Number:
Quarters Address:	
COMPUTATION OF DEDUCTION	
1. a. Heating and/or Cooling Season _____ through _____ = _____ (Month) (Month) (# of Months)	b. Official Air Conditioning Zone Yes ____ No ____
2. Average Actual Monthly Heating and/or Cooling Cost of Subject Quarters: \$ _____	
3. Average Monthly Heating and/or Cooling Cost of Comparable but energy efficient Quarters: Average Cost: \$ _____ Plus 25%: \$ _____ Total: \$ _____	
4. Average Monthly Excessive Heating and/or Cooling Cost (line 2 minus line 3) \$ _____	
5. Average Monthly Heating and/or Cooling Deduction Enter "0" if Line 4 is "0" or negative. Enter the amount of Line 4, if Line 4 is positive \$ _____	
CERTIFICATION: The heating and/or cooling costs for the above quarters have been compared with those of comparable housing and adequate documentation, including necessary receipts, has been provided by the occupant. Based upon comparability and documentation, a deduction is ____ is not__ allowable as indicated in Line 5.	
PREPARED BY:	DATE:
APPROVED BY:	DATE:

INSTRUCTIONS FOR COMPLETING VA FORM 10-0380

1. No deduction will be allowed if it has been determined by qualified engineering or facility management personnel that the subject quarters meets or exceeds the construction, weatherproofing and energy efficiency requirements recommended by local or national building codes for the area in which the quarters unit is located.
2. If the quarters unit is air conditioned, indicate whether the quarters unit is in the official air conditioning zone, as determined by Office of Management and Budget (OMB) Circular A-45, Rental and Construction of Government Quarters, paragraph 8.F.
3. Deductions for excessive cooling costs shall not be allowed unless the subject quarters unit is located in an official air conditioning zone.
4. Enter on line 2 the average monthly cost of heating and/or cooling the subject quarters unit. This is determined by dividing the TOTAL annual heating and/or cooling cost by 12 (months).
5. Enter on line 3 the average monthly cost of heating and/or cooling comparable but energy efficient housing plus 25 percent.
6. Subtract line 3 from line 2. If a zero (0) or negative balance results, no deduction can be allowed. If a positive balance results, the amount on line 4 will be shown as a deduction on line 5.

July 23, 1999

**VHA HANDBOOK 7631.1
APPENDIX A**

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